UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

Distr.
RESTRICTED
DP/GC/ETH/R.2/RECOMMENDATION
21 March 1980

ORIGINAL : ENGLISH

GOVERNING COUNCIL
Twenty-seventh session
June 1980
Agenda item 6 (b)

Country and intercountry programming and projects

COUNTRY PROGRAMME OF THE GOVERNMENT OF ETHIOPIA

Note by the Administrator

Programme period	IPF for 1977-1981
1980-1982	$ 42 million

1. Nature of the programming exercise

1. In preliminary discussions with the Resident Representative the Government indicated the desire to take a more prominent role in the country programming exercise than before, and to prepare itself the draft country programme document. In June 1979 the Central Planning Supreme Council (CPSC) organized hearings to consider requests submitted to it by Government departments and agencies seeking UNDP support. These presentations were made in response to an invitation issued by CPSC at the beginning of the exercise. Representatives of UNDP and of the Specialized Agencies participated in these meetings which were the principal forum for the Agencies' sectoral contributions. The Resident Representative's Note on the Country Programme was also used as an input for the hearings.

/...

EMBARGO

NOT FOR PUBLICATION UNTIL FORMALLY APPROVED BY THE GOVERNING COUNCIL

INDIANA UNIVERSITY
AUG 19 1980
LIBRARY

2. CPSC subsequently made a preliminary selection of projects to be included in the programme. These and a first draft of the programme document were discussed at a joint session with Agency representatives, attended also by the UNDP Assistant Administrator and Regional Director for Africa. Following further consultation within CPSC, the draft country programme document was prepared by its staff and submitted for circulation and comments within the United Nations system before formal submission.

II. Relation of the Country Programme to national development objectives

3. To attain the goals of the revolution, the Government of Socialist Ethiopia is forging a new set of tools of economic management, strengthening centralized planning and resource allocation, as well as intervening more directly in the economy. The far-reaching changes that have taken place in the last five years have radically altered the institutional scene and the development instrumentalities of the Government's capacity to influence and direct developments in the rural areas, where the vast majority of Ethiopia's population live.

4. In its planning, the Government at present operates on the basis of development targets set annually. Pending the elaboration of a medium-term plan, short-term development objectives are detailed in annual National Revolutionary Development Campaigns. These aim at:

(a) increasing the production of essential consumer goods and services;

(b) increasing the production of industrial goods required as inputs by agriculture and raising the production of agricultural raw materials required by industry, so as to strengthen the agriculture-industry linkage;

(c) alleviating and laying the foundation for the eventual elimination of the country's social problems;

(d) accelerating the socialization process;

(e) systematizing the distribution system and enhancing Government participation and control in the trade sector;

(f) augmenting foreign exchange receipts to improve the country's import capacity; and

(g) ensuring the equitable distribution of the benefits of development.

5. The Country Programme was elaborated within the framework of the Government's overall objectives and in keeping with its commitment to mobilize the country's natural assets for economic and social development. UNDP resources are therefore concentrated in the productive sectors: agriculture, industry and natural resources. The latest development campaign, which was launched in September 1979, gives prominence to raising the productivity of labour, capital and land, and to increasing the rate of investment and domestic savings. To this end particular emphasis is given to expanding the output of the traditional export commodities.

This is reflected in increased use of UNDP resources to support the industrial and foreign trade sectors.

6. The Government's interest in improving the administrative and organizational efficiency of State organs is reflected in continued UNDP collaboration with the controlling authorities in agricultural research, small industry and water resources.

7. UNDP's relatively small involvement in the social sectors is complemented by the significant contributions to these sectors of the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO). These two Agencies have carried out programming exercises covering the same period as the present Country Programme.

III. Contents and phasing of the Country Programme

8. The sectoral breakdown of programmed resources and the phasing of the Country Programme are as follows:

Table 1

Sectoral breakdown of programmed resources

Sector	Ongoing projects		New Projects		Total	
	Value ($000)	Per cent	Value ($000)	Per cent	Value ($000)	Per cent
Economic and social planning	1 211	4	860	11	2 071	5
Agriculture, Forestry and Fisheries	9 253	28	2 535	33	11 788	29
Natural Resources	6 375	20	946	12	7 321	18
Education and Culture	2 603	8	-	-	2 603	6
Health	2 858	9	-	-	2 858	7
Social and Labour Affairs	1 777	5	500	6	2 277	6
Transport and Communications	1 022	3	878	11	1 900	5
Industry and Trade	6 605	20	1 614	21	8 219	20
Science and Technology	1 130	3	450	6	1 580	4
Total programmed	32 834	100	7 783	100	40 617	100

/...

Table 2

Phasing of the Country Programme

A. Amounts programmed

Year	($000)
1980	14 863
1981	14 741
1982*)	11 013
Total	40 617

B. Resources taken into account for programming

	($000)
Balance of IPF resources (1980-1981) available for programming	24 867
Tentative 1982 resources (one-fifth of current IPF)	8 400
Provision for adequate programming *	7 350
Total	40 617

9. Since Government planning is at present conducted on an annual basis, the duration of the Programme has been limited to three years, rather than the customary five. As a consequence, a sizeable proportion of UNDP resources (80 per cent) are devoted to the support of ongoing activities, involving to a large extent institution-building of major central agencies, such as the Water Resources Authority, the National Productivity Centre and the Institute of Agricultural Research, which the Government considers are essential to its development efforts.

10. In agriculture, several activities such as land-use planning, soil and water conservation, and resettlement, are intended to mitigate and remedy the effects of the recurrent drought conditions that have struck many parts of the country in recent years. Reconnaissance and feasibility studies are further being conducted to expand irrigable areas.

---

* In anticipation of an increased IPF for the 1982-1986 resource cycle, and taking into account activities that will then be ongoing, a programme of about $ 11 million has been foreseen for 1982.

11. In natural resources there is emphasis on water supply in rural areas, particularly for domestic purposes. Four projects are devoted to various needs in this subsector. The building up of geological survey activities and mining exploration is being continued. The energy sector is covered through several projects, one to assemble the information necessary for a national energy policy, a second to develop geothermal resources and a third to study the feasibility of installing hydro-electric microplants.

12. In the field of industry, substantial funds will be devoted to the preparation and study of proposals to expand existing industries and to create new industrial plants. Special attention is given to promoting the small industry sector and to the processing of leather products, as well as to standardization and quality control. Subsectoral surveys will be carried out as a preliminary to a full-fledged industry sector study. A building materials research centre is also to be set up with UNDP support to pave the way for increased local fabrication of building components.

13. Several projects specially designed for that purpose contribute to the development of human resources through education and training, and control of prevailing diseases. In the field of education, projects concerned with the training of teachers will absorb the greater part of resources allocated to this sector. In the field of social and labour affairs, increased support will be extended to the National Productivity Centre in an attempt to meet industrial manpower needs. In health, a major project financed from both the IPF and the Special Measures Fund for Least Developed Countries is designed to integrate in the communicable diseases control services the material and human resources built up over the years for the smallpox eradication programme.

14. Financial outlays have also been foreseen in the Country Programme for a few projects in the field of science and technology, (Research and Development in Water-pumping Technology in Rural Areas), and in transport and communications (Civil Aviation Training, Rural Road Construction, Telecommunications Training Institute, Logistic and Technical Support for Food-aid Transport). As their titles suggest, these projects have a potentially significant impact on the country's over-all development endeavour.

15. UNDP will try its best to assist the Government in realizing the maximum investment potential in the programme. About half of UNDP's resources are applied to projects where the primary function is typically of an institution-building character designed to create national capability and self-reliance in a particular sphere.

16. Using yet other distinctions about 25 per cent of programmed resources are absorbed by activities that are part and parcel of the Government's planning mechanisms, centrally or in specific sectors. While virtually all projects encompass training components in one form or another, institutionalized training or projects predominantly concerned with training take up approximately 20 per cent of programmed funds.

17. In dealing with the various sectors, the Government's co-ordinating body, the Central Planning Supreme Council, has judiciously taken into account support received from other multilateral and bilateral sources, ensuring that they are complementary and mutually supporting. This is particularly noticeable in the agricultural sector, which by virtue of its central position in the Government's scale of priorities, has attracted the largest volume of external support.

IV. Special development problems and needs

18. The drought-related famine situations in recent years have brought into focus the serious development problems confronting Ethiopia in the short and long term, the inaccessibility of a major part of the country, the ecological degradation in many vital areas, and the growing food deficit. There is a recognized need to improve the productivity of the peasant population and to expand acreage for cereals both irrigated and rainfed, so as to achieve food self-sufficiency. Soil and water conservation measures, coupled with resettlement programmes, are essential for re-establishing environmental equilibrium in large areas of the country.

19. Structurally, the composition of exports, limited as they are to a relatively small number of agriculture-based commodities, calls for a determined effort at diversification to secure stable and growing foreign exchange revenues in future. Internal marketing and distribution mechanisms will need to be improved. Industry, as yet a minor contributor to the gross domestic product (GDP) (6-10 per cent), has still to achieve better capacity utilization before there can be sustained expansion.

20. Ethiopia, thus, shares with other least developed countries (LDCs) the characteristics that have led to virtual economic stagnation. Among these countries, judged on the basis of per capita GDP, it is one of the poorest. As beneficiary of external aid, it is also one of the most disadvantaged. In 1977, external assistance per inhabitant was only US $ 3.7, a mere quarter of the average for all LDCs and the second lowest figure in the Africa region. Per capita external receipts, including revenue derived from exports, were less than half of the LDC average. It should not be inferred that these figures reflect inability to absorb greatly increased inputs of external resources. On the contrary, there are serious indications that if additional resources were made available to Ethiopia, the country would be able to put them to good use.

V. Recommendation of the Administrator

21. In the light of the above, the Administrator recommends that the Governing Council:

(a) Approve the proposed country programme for the Government of Ethiopia for the duration of its programme period within the limit of its Indicative Planning Figure for 1977-1981; taking into account the balance of over-expenditure or under-expenditure of its 1972-1976 Indicative Planning Figure; and

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outline of the Country Programme while ensuring, in accordance with the decision taken by the Governing Council at its eighteenth session (E/5543/Rev.1, paragraph 31), that expenditures are kept in reasonable conformity with the relevant Indicative Planning Figures and are contained within the financial resources available at any given time.